REMARKS/ARGUMENTS

Claims 1, 3-7, 9-21, 23-41, 63-68, 70 and 71 remain pending in the instant application (hereinafter, the '444 Application). Claims 2, 22, 42-62, 69, 72-73 were previously cancelled. Claim 1 is amended to recite the step of accepting return of first optical media "...into rentable inventory of..." the second kiosk. Support for this amendment may be found, for example, in the Specification at page 4, lines 15-18, page 5, lines 7-13 and page 21, lines 22-31. Claims 3, 9, 63 and 64 are amended to reflect the amendment to claim 1. No new matter is added.

It is believed that the following remarks attend to all issues presented in the Office Action dated September 27, 2006. Where used herein, numbered subtitles reflect the numbering of issues presented in the aforementioned the Office Action.

ACKNOWLEDGEMENTS

We would like to thank the Examiner for acknowledging that Group III claims are generic to Group I, and for withdrawing the Restriction/Election Requirement for claims 63-71. Pursuant the Examiner's acknowledgement, the status identifiers for claims 63-68, 70 and 71 have been changed from "Withdrawn" to "Original" or "Previously Presented", as appropriate.

CLAIM REJECTIONS – 35 U.S.C. § 103

2-3. Claims 1, 12-19, 23, 26, 28-29, 31-33, 41, 63 and 66 stand rejected as being unpatentable over U.S. Patent No. 6,109,524 (hereinafter, "Kanoh '524") in view of U.S. Patent No. 5,769,269 (hereinafter, "Peters") and U.S. Patent Publication No. US2005/0267819 (hereinafter, "Kaplan"). We respectfully disagree and traverse the rejection, for at least the following reasons:

Independent Claim 1: In order to render amended claim 1 *prima facie* obvious, the combined references must teach or suggest all of the elements of the claim. In particular, Kanoh '524 in view of Peters and Kaplan must teach or suggest Applicants' method for distributing optical recorded media, including:

(a) coupling one or more kiosks to a central server via the internet, each of the kiosks containing a plurality of optical recorded media;

(b) determining, at the server, inventory of the optical recorded media of each of the kiosks;

(c) routinely obtaining, at the server, operational status of each of the kiosks; and

(d) automatically interfacing with a first user via a touch screen at a first kiosk in a first transaction for first local optical recorded media, the touch screen providing a touch-selectable listing of optical recorded media, including the first local optical recorded media, contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users;

(e) automatically communicating between the first kiosk and the server to authorize the first transaction;

(f) dispensing the first local optical media from the first kiosk to the first user if the first transaction is approved; and

(g) accepting return of the first local optical media into rentable inventory of a second kiosk, the second kiosk being another one of the kiosks.

The Examiner first states that Kanoh '524 discloses coupling one or more kiosks to a central server via the internet. Respectfully, Kanoh '524 does not provide an enabled description of coupling one or more kiosks to a central server via the Internet. First, there is no reference to the Internet anywhere within Kanoh '524. Next, Kanoh '524 vaguely recites that control computer system 10 collectively controls a group of vending machines, and that "sales information of vending machines and other machines and inventory information of commercial articles are under administration of the control computer system 10." Kanoh '524 col. 6, lines 57-30; see also col. 5, lines 55-61. However, Kanoh '524 next teaches away from networked kiosks, reciting that "in order to carry out return operation of videocassette tapes between a plurality of renting machines, these renting machines must be connected via communications network. In this case, if the host computer breaks down due to malfunction or other reasons, the whole system would also break down, to interrupt renting operation, which is inconvenient." Kanoh '524 col. 9, lines 55-64.

On the other hand, The '444 Application recites that the central server allows all transactions of "rent" and "returned" data of all the kiosks to be downloaded into the server and enables one optical media to travel between kiosks because the individual identification of the optical media is already downloaded into the central server. See, e.g., Specification p. 5, lines 7-30. Additionally, after the kiosk accepts the optical media, it automatically downloads the restocking information to the central server. See Specification p. 10, lines 5-15.

In line with the vague and contradictory description elsewhere in the patent, Kanoh '524 does not download any information to computer system 10. Indeed the patent teaches away from any such server functions (or a server, period) by touting the benefits of an IC card that provides a pseudo network between machines, thus preventing "a breakdown of the whole system due to the breakdown of the host computer." Kanoh '524, col. 10, lines 1-2. We therefore contend that Kanoh '524 cannot be relied upon to teach or suggest Applicant's server. Claim 1 elements (b), (c) and (e) all recite a server, making Kanoh '524 inapplicable in this §103 rejection.

Claim 1 element (a) also recites optical recorded media. Kanoh '524 does not teach or suggest optical recorded media, instead reciting "a renting machine for automatically renting recorded media such as videocassette tapes". Col. 3, lines 27-29; see also col. 9, lines 10-13. Videocassette tapes are magnetic media, not optical media. Optical recorded media is also recited in claim 1 elements (b), (d), (f) and (g); therefore, even if the Examiner continues to rely on Kanoh '524 for a teaching of a server, Kanoh '524 does not teach or suggest elements (a), (b), (d), (f) and (g), for at least this reason.

However, Kanoh '524 also fails to teach or suggest automatically communicating between the first kiosk and the server to authorize the first transaction, as in element (e). As noted, the presence of a "server" in Kanoh '524 is questionable; Kanoh '524 in fact teaches away from this feature, as noted above. In addition, Kanoh '524 clearly specifies that authorization of a transaction for a videocassette (again, not optical recorded media) is governed by the vending machine and an IC card, not a server:

> "More specifically, the IC card can store a large amount of information such as which videocassette tape is rented from which renting machine at which time and at what amount of money, how long rented period is, how much an additional charge is, or the like…Consequently, each renting machine is able to

> recognize the number of videocassette tapes that have been rented out to the same customer from the respective renting machines equipped in the video rental shop. Thus, different from the conventional cases wherein the maximum number to be rented is regulated by the individual renting machines independently, it is able to avoid such a situation in which a large number of videocassette tapes have been rented out to the same customer." Kanoh '524 col. 9, lines 29-42.

Additionally,

> "In particular, where the renting machine is constituted to calculate the age of the customer from the date of his or her birth recorded in the IC card and determines whether or not the customer is adult or not, it can avoid necessity of issuing adult and minor cards according to the age of the customers as is conventionally, which is convenient." Kanoh '524 col. 9, lines 49-54. See also col. 6, lines 16-56, discussing determination of customer age from IC cards, and subsequent authorization or prohibition of transactions for alcohol.

The only other transactions authorized in Kanoh '524 are applications and deposits for IC cards. These transactions also do not involve automatic communication between a server and a kiosk. Rather, an applicant for an IC card communicates with a remote head office via a speaker on the card issue/money deposit machine. See Kanoh '524 col. 44-50. A person at the remote head office authorizes distribution of cards after reviewing facsimile correspondence:

> "...a facsimile machine 101 is equipped as a signal receiving means for receiving information transmitted from the branch shop. There is a person permanently stationed at the head office, who checks the received information and transmits to the branch shop the instruction signal concerning permission and prohibition of a card via facsimile." Kanoh '524 col. 8, lines 11-17; see also lines 34-49.

Both of the above procedures are markedly different from automatically communicating between a kiosk and a server to authorize a transaction. Kanoh '524 therefore fails to teach or suggest claim 1 element (e).

Finally, Kanoh '524 also fails to teach or suggest accepting return of the first local optical media into rentable inventory of a second kiosk, the second kiosk being another one of the kiosks. Kanoh '524 recites that using an IC card enables the return of videocassette tapes to different renting machines. See col. 9, lines 23-28. However, Kanoh '524 specifies that "a renting machine, to which a recorded medium rented out from another renting machine is returned [*sic.*], is constituted so that it is able to store the such recorded media separately, ***whereby operation of returning the recorded media***

back to the original renting machine becomes simplified. For this purpose, the renting machine is provided with a renting/returning shelf section exclusive for storing such recorded media as are under administration thereof ***and a spare shelf section for storing recorded media when such recorded media are returned as have been rented out from another renting machines***." Col. 3, lines 53-58, emphasis added

The Kanoh '524 teaching of separately storing media from another renting machine so that it can be more easily returned to the other machine is different from, and indeed teaches away from, accepting return of the first local optical media into rentable inventory of a second kiosk. Kanoh '524 therefore fails to teach or suggest claim 1 element (g).

As demonstrated, Kanoh '524 fails to teach or suggest claim 1 elements (a), (b) and (f)-(g). Furthermore, the Examiner recognizes that Kanoh '524 fails to explicitly disclose claim 1 elements (c) and (d). Therefore, Kanoh '524 alone cannot anticipate or establish *prima facie* obviousness over any of the aforementioned elements.

Adding Peters and Kaplan does not remedy the failure of Kanoh '524. For example, Peters also does not teach or suggest a central server. Instead Peters recites and shows vending machines communicating with a central customer service location via telephone communication and a "customer service representative [who] can service, monitor, and assist the customers by computer modem access from a remote monitoring site on a single phone with a single connection," Peters, col. 3, lines 5-10; see also lines 11-16; see also Fig. 1B, showing a vending machine communicating with a customer service representative over a telephone line. In other words, "The vending machine 30 and CSR 20 share information across telco line 48." Peters col. 5, lines 32-24.

Peters does recite a CSR computer 10. However, this computer is not in a server; it does not serve Peters' vending machines, but instead acts as an intermediary between the machines and a customer service representative 20 (or a franchisee). Instead, the customer service representative 20 attends to the machines, for example by referring to information displayed on the CSR computer 10 or by working through the CSR computer 10. For example, Peters recites the following intermediary actions between machines and people (e.g., customer service representative 20) by computer 10:

"When a vending machine 30 communicates with the host computer 10, the host computer 10 is able to address a remote password which corresponds to the vending machine ID and ***which enables communication from the CSR 20 to the corresponding vending machine 30***." Peters col. 5, lines 45-49, emphasis added.

"The inventory database is linked to a CSR-based viewing program ***so that the CSR operator can view real-time audio and video clips of the titles through the CSR computer 10*** and output monitor 12." Peters col. 7, lines 27-30, emphasis added.

"...the help button automatically connects the customer to the CSR 20 human operator in order to answer questions spoken by a customer via microphone 43...***The CSR operator then has the first option of viewing a still frame or real time video picture of the customer taken by a video camera 42***; the video image data being fed through modem 23 and teleswitch 2 to CSR computer 10 and displayed on monitor 12." Peters col. 8, line 63-col. 7, line 8, emphasis added.

If a self-diagnostic check indicates that "the machine is available for power up... then the power-on condition occurs and ***a power-on status is communicated from CSR 20 to the computer 74*** over a telcoline 48. ***The status is also provided to the CSR computer 10***." Peters col. 10, lines 1-6, emphasis added. This status is presumably also provided to CSR computer 10 by customer service representative 20.

"Once the control tests are completed, the status of the system is maintained in a system log 326. The system log status is communicated to the CSR Site ***for storage in CSR memory 6***...If the test at step 328 indicates a test failure, then the system automatically tries to connect to the CSR site 20 at step 330 Once communications are established with the CSR Site diagnosis and corrections to the machine can occur remotely. ***This occurs through intervention by the CSR site operator*** who can remotely test the systems automatically via the CSR computer 10 or vending machine computer 74." col. 11, lines 22-35, emphasis added.

"When telephone service is restored, ***the franchisee is then automatically called by the CSR computer 10 regarding the problem***." col. 16, lines 27-32, emphasis added.

A customer service representative working on or referring to a non-server computer at a customer service location is different from a central server. Peters therefore does not teach claim 1 elements (a) or (b). Contrary to the Examiner's statement, Peters also fails to teach claim element (c), which recites routinely obtaining, at the server, operational status of each of the kiosks. Peters is silent as to a touch screen or a touch-selectable list of media, as in element (d). Element (e) is also not taught or suggested by Peters. Rather than automatically communicating between a kiosk and a

central server to authorize a transaction, Peter's vending machine computer 74 communicates with a credit service bureau and dispenses a product upon receipt of authorization from the credit service bureau. Peters col. 8, lines 17-24.

Peters doubly fails to disclose or teach element (f), first because (f) also requires a server, and second because Peters does not accept anything into his vending machines. Likewise, Peters can not and does not teach or suggest element (g), which requires accepting return of a first local optical media into rentable inventory of a second kiosk.

Thus far, we have shown that Kanoh '524 and Peters, whether taken alone or in combination, fail to establish *prima facie* obviousness over claim 1, since clearly features of claim 1 are not taught or disclosed by Kanoh '524 and/or Peters.

Adding Kaplan does not help the Examiner's case. Kaplan fails to teach or suggest at least claim elements (c)-(g). As to element (c), Kaplan is silent as to obtaining operational status of a kiosk; Kaplan recites polling kiosks (and this is not recited as a routine operation) only to gather information to create market research products:

> "Each time a subscriber activates the kiosk at the scanner 50 to begin a session, a data file is created identifying the subscriber and generating a selection preview... The centralized database 60 can poll each kiosk station 10 at all of the remote locations through a telecommunications link. The information gathered will be analyzed and packaged into market research products for distribution in the record industry and radio stations." Kaplan, ¶ [0046].

This is clearly different from routinely obtaining, at the server, operational status of a kiosk.

Next, regarding claim element (d), Kaplan does not teach or suggest automatically interfacing with a user via a touch screen at a kiosk in a transaction for local optical recorded media contained within the kiosk. Rather, Kaplan provides a listening booth or link from a computer to a web site, where a user can preview music samples stored on the web site. As recited, Kaplan improves upon a prior patent "by integrating ***a network web site as the source of the pre-recorded products*** and the controlling software." Kaplan ¶[0020], emphasis added; see also ¶¶[0021]. In other words, Kaplan "allows the user to play the audio selections directly from the web site on the kiosk." Kaplan ¶[0057]; see also ¶[0058]. The web site has "memory for storing pre-selected portions of a plurality of different pre-recorded music products" that are identified and called from the memory

using unique product codes." Kaplan ¶¶[0024]-[0025]. Products can be ordered via the web site and shipped to the customer:

> "The preferred network web site can further include a purchasing means for allowing the user to ***place an order for purchasing*** at least one of the portions of the pre-selected pre-recorded music products" Kaplan ¶[0025], emphasis added; see also [0073], [0094].
>
> "...hot zone 314 allows a user to view her shopping basket which contains items he or she has selected for purchase. Selecting this hot zone takes the user to FIG. 55 which itemizes the contents of the user's shipping basket including a running total of the selected items. FIG. 56 illustrates an order form which prompts the user for information regarding ***where and how the selected items should be shipped***." Kaplan ¶[0111], emphasis added; see also Figs. 55 and 56.

Alternately, the products can manually picked up from a music store shelf and scanned at a listening booth. The customer can then preview audio samples. If the customer wishes to buy the product, he or she may carry the scanned product to "a music store cash register" for purchase. Kaplan ¶[0041]; see also ¶¶[0044], [0114].

In neither of the above cases does a customer transact for local optical media that is contained within a kiosk, as is required in claim 1 element (d). Kaplan nowhere teaches or suggests transactions for media contained within a kiosk, notably because Kaplan does not provide, suggest or depict any means for dispensing media from a kiosk. Therefore, Kaplan also does not communicate between a kiosk and a server to authorize such a transaction for media contained within the kiosk, as in claim 1 element (e).

Furthermore, because Kaplan does not provide for dispensing media from a kiosk, Kaplan cannot and does not teach or suggest claim 1 element (f). And, like Peters, Kaplan does not disclose the acceptance of anything into its kiosk systems. Therefore, Kaplan cannot and does not teach or suggest claim 1 element (g).

As shown, therefore, Kanoh '524, Peters, and Kaplan, individually or combined, do not teach or suggest every element of claim 1. Likewise, there is no motivation to combine a reference that teaches away from a central server (Kanoh '524) with a reference that depends upon a central server (Kaplan). *Prima facie* obviousness is not established. We therefore respectfully request withdrawal of the Examiner's rejection, and allowance of amended claim 1.

Independent Claim 63: Amended claim 63 recites a method for distributing optical recorded media to and from users, including elements similar to (a)-(g) of claim 1, in the context of a plurality of kiosks. Claim 1 and claim 63 elements (b)-(g) are identical. Claim 63 element (a) differs from claim 1 element (a) by reciting that each of the kiosks is configured to dispense a plurality of optical recorded media.

The arguments presented above in support of claim 1 also extend to claim 63. Hence, the Kanoh '524/Peters/Kaplan combination cannot and does not teach or suggest all of the elements of claim 63, and *prima facie* obviousness is not established. We thus respectfully request withdrawal of the Examiner's rejection, and allowance of claim 63.

Claim 18: Claim 18 depends from claim 1. Courts have ruled that if an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. In re Fine, 837 F.2d 1071.5 USPQ2d 1596 (Fed. Cir. 1988). We have shown that Kanoh '524, Peters and Kaplan, alone or in combination, do not render claim 1 *prima facie* obvious. Claim 18 is therefore allowable for at least this reason.

Claims 12 and 66: Claim 12 depends from claim 1, and benefits from like argument. Claim 66 depends from claim 63, and benefits from like argument. Again, if a base claim is nonobvious, then so is any claim depending therefrom. See In re Fine, above. *Prima facie* obviousness is not established. Withdrawal of the Examiner's rejection, and allowance of claims 12 and 66, are respectfully requested.

Claim 13 : We disagree with the Examiner's interpretation of "transmitting" as a form of storing an image. Storing, in terms of computer science, is defined as 'copying data into memory or onto a storage device' whereas transmitting is understood as 'passing along information, or communicating.' The American Heritage® Dictionary of the English Language, 4th Ed., © 2000. Kanoh '524 describes photographing a person and transmitting an image. See Kanoh '524 col. 7, lines 19-34; see also col. 8, lines 11-17. As shown in FIG. 2, this is accomplished via fax. We submit that faxing an image is patentably distinct from storing an image.

Furthermore, claim 13 recites imaging a person interacting with the kiosk which, as recited in claim 1, contains a plurality of optical recorded media. On the other hand,

the imaging cited by the Examiner occurs at a card issue/money deposit machine. See col. 7, lines 15-34.

Kanoh '524 does not teach or suggest all of the elements of claim 13 (and neither does the disclosure of either Peters/Kaplan); in addition, the claim depends from claim 1 and benefits from like argument. We therefore respectfully request withdrawal of the Examiner's rejection, and allowance of claim 13.

Claim 14-16: Claims 14-16 depend from claim 1, through intervening claim 13, and thus benefit from the arguments presented in support of these base claims.

Claim 17: Claim 17 likewise depends from claim 1, through intervening claim 13, and benefits from like arguments. Claim 17 also recites transmitting images to a central server. On the other hand, Kanoh '524 recites faxing images to an attendant in a head office. See col. 8, lines 31-49; see also communication line 24 between money deposit machine 8 and fax 101 in Fig. 3 .

Transmitting to a server and faxing to a person are different. Peters and Kaplan also do not teach or suggest the features of claim 17. *Prima facie* obviousness is not established, thus, we respectfully request withdrawal of the Examiner's rejection, and allowance of claim 17.

Claims 19 and 26: Claim 19 depends from claim 1, through intervening claim 18. Claim 26 depends directly from claim 1. Claims 19 and 26 therefore benefit from the arguments presented in support of claim 1. Furthermore, these claims recite managing kiosks through a central server (claim 19) via a personal computer connected to the Internet (claim 26). As noted above, Kanoh '524 is silent as to the Internet, and teaches against a central server because "if the host computer breaks down...the whole system would also break down, " Kanoh '524, col. 9, lines 61-63. Peters and Kaplan also do not teach or suggest the features of claims 19, 26.

We submit that *prima facie* obviousness is not established, and thus request withdrawal of the Examiner's rejection, and allowance of claims 19 and 26.

Claim 23: Claim 23 depends on claim 1, and is allowable at least because it benefits from like argument.

Claims 28 and 29: Claims 28 and 29 depend from claim 1 through intervening claim 26, argued above. Claims 28 and 29 are therefore allowable at least because they benefit from like argument.

Claim 31: The Examiner states, and we agree, that Kanoh '524 fails to explicitly disclose identifying one or more alarm states associated with a first kiosk. We submit that Peters also fails to teach this limitation. Peters does not routinely obtain alarm states associated with a kiosk. Rather, Peters recites communicating alarms to a customer service representative, if and when certain conditions occur. For example, a customer service representative is contact if there is a power failure or phone line disconnect, or if the machine is tilted. See Peters col. 15, lines 56-36; col. 16, lines 25-40. Sending an alarm only if a condition occurs is not the same as routinely obtaining alarm states, for example by polling a kiosk every five or ten minutes, as recited in the '444 Application. See Specification p. 14, lines 13-15.

As shown, Kanoh '524 in view of Peters does not teach all the elements of claim 31 . Kaplan does not mention the word "alarm" at all. *Prima facie* obviousness is therefore again not established. In addition, claim 31 depends from claim 1 and benefits from like argument. We therefore respectfully request withdrawal of the Examiner's rejection, and allowance of claim 31.

Claim 32 : Claim 32 depends from claim 1, through intervening claim 31, thus benefiting from like argument. We therefore respectfully request withdrawal of the Examiner's rejection, and allowance of claim 32.

Claim 33: Claim 33 also depends from claim 1, through intervening claims 31 and 32, and benefits from like argument. We therefore respectfully request withdrawal of the Examiner's rejection, and allowance of claim 33.

Claim 41: Claim 41 depends on claim 1 and benefits from like argument. *Prima facie* obviousness is therefore not established. We respectfully request withdrawal of the Examiner's rejection, and allowance of claim 41.

4. Claims 3–7, 64 and 65 stand rejected as being unpatentable over Kanoh '524 in view of Peters, Kaplan and further in view of US Patent No. 6,688,523 (hereinafter, "Koenck"). We respectfully disagree and traverse the rejection.

Claims 3-7 depend from claim 1, and claims 64 and 65 depend from claim 63. As shown, Kanoh '524 in view of Peters and Kaplan do not render claim 1 or claim 63 *prima facie* obvious. Adding Koenck does not remedy this failure, since Koenck pertains to a system for reading optical media, and does not teach or suggest any of claim 1 or claim 63 elements (a)-(g). As noted above, if an independent claim is nonobvious, then any claim depending therefrom is nonobvious. Claims 3-7, 64 and 65 are allowable over the combined references for at least this reason. Additional reasons for patentability of these claims include the following:

Claims 3, 64 and 65: Claims 3 and 64 are amended to reflect the amendment to claim 1, now reciting accepting the first optical media into rentable inventory of the second kiosk when the second kiosk is associated with the group identifier. None of Kanoh '524, Peters, Kaplan or Koenck recite accepting optical media from a first kiosk into rentable inventory of a second kiosk. Claims 3 and 64 are nonobvious over the combined references, for at least this reason. Claim 65 depends from claim 64 and benefits from like argument.

In further support of claim 3, Kanoh '524 also fails to teach or suggest a group identifier that indicates which kiosks an optical media may be returned to. Respectfully, although the passage cited by the Examiner describes information about rented media, it is clear that this information is contained not within a group identifier on the media, but on an IC card. See Kanoh '524, col. 3, lines 39-63. Furthermore, the table cited by the Examiner is labeled as an "Example of recorded contents of the card". Kanoh '524 nowhere teaches that rented media itself includes a bar code that indicates which kiosks the media may be returned to. Peters, Kaplan and Koenck also fail to provide this element, since they do not teach or suggest returning anything to a kiosk. Thus, even when combined with Koenck, Kaplan '524 does not teach or suggest capturing a digital image...and scanning the image to determine a group identifier that indicates which kiosks optical media may be returned to.

We respectfully request withdrawal of the Examiner's rejection, and allowance of claims 3, 64, and 65, for at least the above reasons.

Claim 4: Claim 4 also depends from 1 through intervening claim 3, thus benefiting from like argument. Respectfully, whether or not Koenck rotates an image via internal software, the Kanoh '524/Peters/Kaplan/Koenck combination fails to teach or suggest rotating a group identifier as described in base claim 3. *Prima facie* obviousness is not established, thus, withdrawal of the Examiner's rejection is respectfully requested, as is allowance of claim 4.

Claim 5 and 6: These claims likewise depend from claim 1 through claim 3 (claim 6 additionally depending from claim 5). Thus, claims 5 and 6 benefit from the above arguments. Furthermore, the combined references do not teach or suggest scanning a first code and a second code, to determine group and disk identifiers.

Contrary to the Examiner's statement, the '444 application does disclose a particular purpose in storing and scanning information in two separate codes. The '444 application clearly notes that two bar codes allow optical media to travel between kiosks, e.g., to permit returns of the media to any of the kiosks. See Specification p.5, lines 8-13, quoted above. In addition, reading (and identification) of bar code 701A results in (i.e., has a purpose of) opening a kiosk door. Reading and identification of bar code 701 B leads to (i.e., has a purpose of) registering optical recording media in inventory. See Specification, 21, lines 25-30, quoted above.

We contend that *prima facie* obviousness is not established, and therefore respectfully request withdrawal of the rejection, and allowance of claims 5 and 6.

Claim 7: Claim 7 depends from claim 1 through intervening claim 3, thus benefiting from like arguments. Claims 1 and 3 are nonobvious, therefore, so is claim 7. See In re Fine, quoted above. Withdrawal of the Examiner's rejection, and allowance of claim 7, are respectfully requested.

5. Claims 9-11 stand rejected as being unpatentable over Kanoh '524 in view of Peters, Kaplan, Koenck and further in view of U.S. Patent 5,027,766 (hereinafter,

"Shah"). We respectfully disagree and traverse the rejection. Claims 9-11 depend from claim 1, and are therefore nonobvious at least because claim 1 is nonobvious.

Claim 9: Claim 9 is amended to reflect the amendments made to claim 1, and now echoes accepting first optical media into a second kiosk, in particular when characteristics of a case housing the first optical media match predetermined characteristics associated with the second kiosk. None of Kanoh '524, Peters, Kaplan or Koenck recite accepting first optical media into a second kiosk when case characteristics match characteristics associated with the second kiosk. Adding Shah does not remedy this failure.

The Examiner cites Shah col. 7, lines 18-62 to support the assertion that Shah senses characteristics of a case housing. Respectfully, this passage specifies that Shah reads identifier strips, and says nothing about sensing characteristics of a case itself. As taught elsewhere in Shah, these identifier strips are not even on a case. They are on the video cassette itself:

> "***Video cassette 305 has an opening 301, and an identifier strip 325***. When storage cartridge 315 is closed, a guide 300 is inserted into opening 301 which positions cassette 305 in such a way that ***identifier strip 325 is exposed through window 320 to allow contact points 321 on identifier strip 325 to mate with contact points on an identifier block 110, inside bin 25***." Shah col. 4, lines 10-18; see also lines 28-33; Figs. 4 and 7.

Sensing strips on a video cassette is different from sensing characteristics of a case that houses an optical media. Furthermore, Shah teaches against incorporating materials from one kiosk into rentable inventory of another by claiming a signal that is energized when an article deposited into a bin does not have the correct identification code for that bin. See Shah claim 17. The limitations of claim 9 are not taught or suggested by the Examiner's combined references.

Claim 10: Claim 10 depends from claim 1 and claim 9, and benefits from like argument. The Examiner notes, and we agree, that Kanoh '524, Peters, Kaplan and Koenck all fail to disclose predetermined characteristics defined by physical structure of a case. Shah also fails to teach or suggest this limitation. As noted above, Shah reads identifier strips that are on a cassette, not a case. Shah nowhere teaches, suggests or depicts sensing characteristics of a case that are defined by physical structure of the case.

Claim 11: This claim depends from claim 10 and goes on to recite particular physical structure, specifically, one or more holes and one or more blocked regions in the case, and wherein the step of sensing characteristics comprises sensing the holes and blocked regions. Contrary to the Examiner's assertion, we contend that Shah fails to teach or suggest this limitation. The Examiner points to FIG. 7, stating that it shows a housing with holes 301 and blocked regions, e.g., strips 321, 325. Respectfully, this figure shows how strips on Shah's video cassette (not the video cassette case) are read through a hole in the case. The Examiner does not identify a blocked region of the case; however, even if the Examiner were to point out such a feature, Shah specifically teaches reading strips from the video cassette itself. The strips are for example "mounted on a plastic key 215". Shah col. 4, line 58; see also Fig. 9 showing identification strips 325/321 on a key 215 that is apparently chained to video cassette 305.

As shown, Shah in combination with Kanoh '524, Peters, Kaplan and Koenck does not render any of claims 9-11 *prima facie* obvious. Withdrawal of the Examiner's rejections, and allowance of claims 9-11, are respectfully requested.

6. Claims 20-21, 24-25, 27, 67-68 stand rejected as being unpatentable over Kanoh '524 in view of Peters, Kaplan, Koenck, Shah and further in view of U.S. Patent 6,965,869 (hereinafter, "Tomita") . We respectfully disagree and traverse the rejection,. Claims 20-21 and 24-25 depend from claim 1, and benefit from like argument. Claims 67-68 depend from claim 63 and benefit from like argument. For example, the above references, whether taken alone or in combination, do not teach or suggest every element of claim 1 or claim 63.

Adding Tomita does not remedy this failure, namely because Tomita pertains to a point management system for managing service points issued to customers. Tomita does not dispense any physical item, especially not from a kiosk, and is silent as to optical media, the Internet or any kind of physical inventory. Tomita does not obtain operational status of a kiosk, nor does Tomita teach or suggest transacting with a user for any physical item. Rather, Tomita tracks points obtained by a user for services or goods purchased. Tomita's service point management system does not itself offer these goods or services.

Tomita also does not routinely obtain operational status of a kiosk at a server, automatically interacting with a user in optical media transactions or communicating between a kiosk and a server to authorize an optical media transaction. Notably, Tomita does not dispense anything or accept return of anything at a kiosk.

As shown, claims 1 and 63 are not taught or suggested by the Kanoh '524, Peters, Kaplan, Koenck, Shah and Tomita combination.

Claims 20 and 67: Turning now to the individually rejected claims, if a base claim is nonobvious, then so are any claims depending therefrom. Claims 20 and 67 are nonobvious at least because they depend, respectively, from claims 1 and 63.

Claim 21: Likewise, claim 21 is nonobvious at least because it depends from claim 1.

Claims 24, 25, 68: The Examiner notes that all cited references, except Tomita, disclose profiling user transactions and communicating advertising information based on the profiling. We respectfully submit that Tomita also fails to disclose this limitation. The Examiner points to Tomita col. 5, lines 14-64 and col. 6, lines 26-32 in an attempt to show this limitation. However, neither of these citations, nor any other segment of Tomita, teaches or suggests profiling as taught in the '444 Application, or advertising based upon such profiling.

For example, the '444 Application teaches that "an automated customer profiling system...tracks interactions from customers at either a connected kiosk or at a computer connected to the database server through the Internet. Customers may be profiled according to individual information, such as movie-type preferences." Specification p. x, lines y-y.

On the other hand, Tomita teaches only that "service contents may be presented to customers ***according to their cumulative points***. Namely, the customers are timely informed of most required information. For this purpose, target commodities nearest to the cumulative points of each customer may be informed." Tomita col. 17, lines 53-60. This is different from profiling, e.g., tracking user preferences, as in claims 24 and 68.

Likewise, Tomita does not teach profiling based upon user transactions, as in claim 25. Again, Tomita does not profile, but rather keeps track of points.

Claim 27: Claim 27 depends from claim 1, through intervening claim 26, and is therefore nonobvious at least because it benefits from the arguments presented in support of claim 1.

As shown, *prima facie* obviousness is not established by the cited art. We therefore request withdrawal of the rejection of claims 20-21, 24-25, 27 and 67-68, and allowance of each of these claims.

7. Claim 30 stands rejected as being unpatentable over Kanoh '524 in view of Peters and Kaplan, and further in view of U.S. Patent No. 6,336,098 (hereinafter, "Fortenberry") . We respectfully disagree and traverse the rejection. Claim 30 depends from claim 1. As shown above, Kaplan and Peters fail to teach or suggest all of the limitations of claim 1. Adding Fortenberry does not establish *prima facie* obviousness. Fortenberry recites a method for distributing and redeeming e-coupons. There is no physical product, certainly not optical recorded media, dispensed or accepted in Fortenberry. Accordingly, Fortenberry does not inventory optical recorded media, nor does Fortenberry teach or suggest authorization of transactions for optical media involving a user, a kiosk and a server. Rather, Fortenberry electronically transmits coupons to a user. The coupons are stored on a user's computer, and then received by a merchant electronically when the user makes an on-line purchase. Purchases are then shipped to a user, or picked up and paid for when the user visits the merchant. See Fortenberry col. 5, line 27-col. 6, line 32.

Because the Kanoh '524, Peters/Fortenberry combination does not teach or suggest all of the elements of claim 1, it also cannot render dependent claim 30 *prima facie* obvious. Withdrawal of the Examiner's rejection, and allowance of claim 30, are respectfully requested.

8. Claims 34, 38-40, and 70-71 stand rejected as being unpatentable over Kanoh '524 in view of Peters, Kaplan and further in view of U.S. Patent No. 6,954,732 (hereinafter, "DeLapa") . We respectfully disagree. We have shown that the combination of Kanoh '524, Peters and Kaplan does not establish *prima facie*

obviousness over claim 1 or claim 63. Adding DeLapa's coupon delivery system does not supply the features missing from the Kanoh '524/Peters/Kaplan combination; therefore, when combined or if taken alone, Kanoh '524, Peters, Kaplan and DeLapa do not render claim 1 or claim 63 *prima facie* obvious.

Claims 34, 38-40, and 70-71 are nonobvious at least because they depend from claim 1 or claim 63. Withdrawal of the Examiner's rejection, and allowance of each of these claims, are respectfully requested.

9. Claims 35-37 stand rejected as being unpatentable over Kanoh '524 in view of Peters, Kaplan and further in view of U.S. Patent No. 6,493,110 (hereinafter, "Roberts"). We respectfully disagree. We have shown that Kanoh '524, Peters and Kaplan fail to teach or suggest all of the limitations of claim 1, from which claims 35-37 depend. Roberts teaches accurate rendering of bar code images in a distributed network where various rendering devices have different resolution. Roberts, whether taken alone or combined with the above-mentioned references, does not teach or suggest elements (a)-(g) of claim 1. Therefore, claims 35-37 are also nonobvious over the combined references. We respectfully request withdrawal of the Examiner's rejection, and allowance of claims 35-37.

CONCLUSION

All of pending claims 1, 3-7, 9-21, 23-41, 63-68, 70 and 71 are believed allowable over the cited references, regardless of how they are combined. We respectfully solicit a Notice of Allowance for all pending claims.

Should any issues remain outstanding, Applicant's request an opportunity to interview the Examiner regarding this case. The Examiner is encouraged to telephone Applicant's attorney, Curtis A. Vock, at (720) 931-3011 to schedule an interview and/or to discuss the amendments presented herein. We respectfully request the Examiner's call prior to the mailing of any further Office Communication.

No fees are believed due; however, if any fee is deemed necessary in connection with this Amendment and Response, the Commissioner is authorized to charge such fee to Deposit Account No. 12-0600.

Respectfully submitted,

Date: 10 NOV 2006

By: _____

Curtis A. Vock., Reg. No. 38,356
LATHROP & GAGE L.C.
4845 Pearl East Circle, Suite 300
Boulder, CO 80301
Telephone: (720) 931-3011
Facsimile: (720) 931-3001